

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

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R 150853 Z MAY 73

FM AMEMBASSY BUDAPEST

TO / SECSTATE WASHDC 9575

USMISSION BERLIN

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUDAPEST 2047

E. O. 11652: N/A

TAGS: ECON XH HU

SUBJECT: RECENT DEVELOPMENTS IN ECONOMIC SPHERE WITH EAST

1. SUMMARY. RECENT HUNGARIAN ACTIVITY IN FIELD OF WARSAW PACT ECONOMIC COOPERATION POINTS TO CONTINUED HUNGARIAN INTEREST IN DEVELOPMENT OF BOTH BILATERAL AND MULTILATERAL RELATIONS WITH SOCIALIST NEIGHBORS, WITHOUT PROVIDING ANSWER TO QUESTION WHETHER FOC K- KOSYGIN MEETING ON ECONOMIC COOPERATION, ORIGINALLY SLATED FOR SPRING, IS STILL ON. LATEST SESSION GOH- GDR ECONOMIC COMMISSION APPEARED TO BE PRO- DUCTIVE. INCLUDED SIGNATURE OF NEW LABOR AGREEMENT AND AGREEMENT ON HUNGARIAN PARTICIPATION IN CONSTRUCTION OF LIMITED OFFICIAL USE

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CERAMIC HEALTH EQUIPMENT PLANT IN GDR. ON ANOTHER FRONT, ARTICLE BY FINANCE MINISTER LAJOS FALUVEGI IN MAY 8 NEPSZABADSAG SHOWS HUNGARY CONTINUING TO ASSERT ITS CONCEPT OF FUTURE CEMA MONETARY AND FINANCIAL INTEGRATION WHILE AT SAME TIME DISPLAYING DISSATISFACTION WITH PROGRESS MADE SO FAR. THESE TWO DEVELOPMENTS SUGGEST CERTAIN INCONSISTENCY IN HUNGARIAN POLICY. ON ONE HAND HUNGARY NEEDS COOPERATION WITH SOCIALIST COUNTRIES IN INDUSTRIAL FIELD, WHILE ON THE OTHER IT PRESSES VIEWS ON CEMA MATTERS NOT NECESSARILY SHARED BY OTHER MEMBERS. END SUMMARY.

72. HUNGARIAN- GDR COOPERATION COMMISSION (MAY 3-7 IN EAST BERLIN) REACHED AGREEMENT ON NUMBER OF PROJECTS AND COOPERATION POSSIBILITIES. INTER ALIA, AGREEMENT SIGNED EXTENDING TO 1980 PACT UNDER WHICH HUNGARY SENDS TRAINEES TO GDR. IN COMMENTING TO NEWSMEN DEPUTY PREMIER MATYAS TIMAR, WHO HEADED HUNGARIAN DELEGATION, SAID 23,000 HUNGARIANS HAD WORKED IN GDR SINCE PROGRAM BEGAN IN 1967 WITH 9,000 OTHERS NOW TRAINING IN GDR. IN BRIEF INTERVIEW ON HUNGARIAN TELEVISION TIMAR SAID 2500 TO 4000 WORKERS WOULD BE GOING TO EAST GERMANY UNDER NEW AGREEMENT. HE ADDED THAT FOR FIRST TIME EAST GERMAN WORKERS (NUMBER UNSPECIFIED) WOULD BE COMING TO HUNGARY FOR TRAINING.

3. COMMUNIQUE AT CLOSE OF MEETING REFERS TO MANY RESEARCH AND PRODUCTION COOPERATION AGREEMENTS SIGNED IN RECENT TIMES (CONSTRUCTION EQUIPMENT, EDP, MACHINE TOOLS, ETC.). IMPRESSION IS ONE OF CONSIDERABLE PROGRESS IN COOPERATION BETWEEN TWO COUNTRIES. AGREEMENT ALSO REACHED ON HUNGARIAN ASSISTANCE IN CONSTRUCTION OF CERAMIC HEALTH EQUIPMENT PLANT IN GDR. FURTHER PROJECTS IN WIDE RANGE OF INDUSTRIAL AREAS ALSO DISCUSSED. ON TELEVISION TIMAR INDICATED HUNGARY WOULD BE ASSOCIATED WITH EAST GERMANS AND CZECHS IN PRODUCTION OF AUTOMOBILE PARTS.

4. IN CONTRAST TO OPTIMISTIC TONE OF COMMENTS ON HUNGARIAN- GDR COOPERATION, FINANCE MINISTER FALUVEGI, RIGHT ON EVE OF TENTH ANNIVERSARY MEETING CEMA MONETARY AND FINANCIAL COMMITTEE, WAS RATHER BEARISH ON MONETARY LIMITED OFFICIAL USE

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AND FINANCIAL COOPERATION IN CEMA. FROM HIS REMARKS IT APPEARS IN THIS AREA CEMA HAS NOT MADE KIND OF PROGRESS HUNGARY DESIRES. FALUVEGI MADE PITCH FOR ESTABLISHMENT OF COMMON CURRENCY, HARMONIZATION OF CEMA MEMBER PRICE SYSTEMS, AND FOR DIRECT FINANCIAL RELATIONS BETWEEN ENTERPRISES VARIOUS COUNTRIES. AT SAME TIME HE STRESSED MUCH WORK YET TO BE

DONE IN ALL THESE AREAS BEFORE REAL PROGRESS ACHIEVED.
AS PART OF THIS PROPOSAL, HE SAID, CEMA COUNTRIES MUST
PAY MORE ATTENTION TO INTERNATIONAL MONETARY AND
FINANCIAL DEVELOPMENTS.

5. COMMENT. NEITHER IN PUBLIC UTTERANCES OF HUNGARIAN
LEADERS NOR IN PRESS IS THERE ANY INDICATION WHEN MEETING
WILL TAKE PLACE BETWEEN SOVIET AND HUNGARIAN PREMIERS TO
CONTINUE DISCUSSION OF ECONOMIC COOPERATION BETWEEN TWO
COUNTRIES. FALUVEGI' S COMMENTS IN NEPSZABADSAG WOULD SEEM
TO POINT TO LIKELIHOOD SOME BASIC DIFFICULTIES REMAIN.
POSSIBILITY EXISTS THAT MEETING (IT WAS ORIGINALLY SCHEDULED
FOR THIS SPRING) MAY HAVE BEEN POSTPONED.

6. ACTION REQUESTED: HUNGARIAN PRESS DID NOT PUBLISH
STATEMENT BY TIMAR' S GDR PARTNER IN TALKS (DEPUTY PREMIER
WOLFGANG RAUCHFUSS). WOULD APPRECIATE COMMENTS BY MISSION
BERLIN ON GDR PRESS AND OTHER REACTION, ESPECIALLY ON
TRAINEE AGREEMENT AND HEALTH EQUIPMENT PLANT.
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